

**Commonwealth of Massachusetts
Group Insurance Commission**

**LEADING
THE WAY
in HEALTH CARE**

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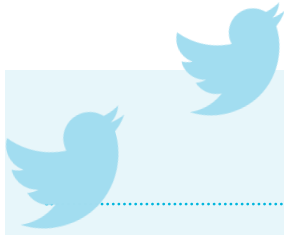


Fiscal Year 2012 Annual Report



**Commonwealth of Massachusetts
Group Insurance Commission**

*Your
Benefits
Connection*



THE GROUP INSURANCE COMMISSION

The mission of the Group Insurance Commission (GIC) is to provide high-value health insurance and other benefits to state and certain authority employees, retirees, and their survivors and dependents. The GIC also provides health-only benefits to participating municipalities. The agency works with vendors selected through competitive bidding to offer cost-effective services through careful plan design and rigorous ongoing management. The agency's performance goals are providing affordable, high quality benefits and as the largest employer purchaser of health insurance in the Commonwealth, using that position to drive improvements in the health care system.

The GIC offers the following benefit programs:

- ◆ A diverse array of health insurance options
- ◆ Term life insurance
- ◆ Long Term Disability (LTD) insurance
- ◆ Dental/Vision coverage for managers, legislators, legislative staff and certain Executive Branch employees
- ◆ Dental coverage for retirees
- ◆ Discount vision program for retirees
- ◆ Health Care Spending Account (HCSA)
- ◆ Dependent Care Assistance Program (DCAP)



Dear Friends,



I have just learned to Tweet, and know the objective is to be newsworthy and followed. Tweeting is just the latest way the GIC is staying relevant to members and other constituents. Tweet, tweet reminds me of the classic Disney song, “Let’s All Sing Like the Birdies Sing,” followed by the refrain, Tweet, Tweet, Tweet, Tweet. The juxtaposition of new and old is one of the many assets of the GIC and why we continue to be leaders in the health care and benefits industry. Our long-time employees bring a wealth of institutional knowledge, strong work ethics, and stability to our mission, while our newer employees bring vibrancy, enthusiasm, and new ways of approaching our many challenges. In keeping with our strengths, you’ll see both the new and old Tweeting themes throughout this report.

Fiscal Year 2012 brought new challenges to the GIC and we again were leaders in providing comprehensive, quality benefits at reasonable costs. Through effective management and negotiation skills we were able to achieve the lowest premium increases in at least 12 years, while also offering modest benefit enhancements to members. Our Clinical Performance Improvement Initiative, which evaluates providers on quality and efficiency, entered its eighth year, and enhancements were made in the project’s analytic methods while also improving our collaboration with providers.

Chapter 69 of the Acts of 2011 made it easier for municipalities to join the GIC, along with expedited and frequent enrollments during the fiscal year. The GIC successfully added 14 municipalities and over 17,500 new members, ensuring a smooth transition for the members and savings to these employees, retirees and their communities. Another law, Chapter 288 of the Acts of 2010, called for a new wellness program, and the GIC offered a pilot program to over 60,000 state employees and early retirees to help them improve their physical well-being.

This Fiscal Year 2012 Annual Report includes an overview of many of the other accomplishments the GIC achieved for its members and the taxpayers of the Commonwealth. As we head into a new era of health care with new federal mandates, new state laws on payment reform and a challenging economy, the GIC is well positioned for 2013 and beyond. We trust that as you read this report, you will concur that the GIC continues to take the lead in providing its members cost-effective, quality benefits. Be sure to follow us on Twitter @MassGIC.

Very truly yours,

Dolores L. Mitchell
Executive Director

Tweet! Stabilizing #benefits changes and keeping #costs low

mass.gov/...

Fiscal Year 2012 was the fourth year of the five-year contracts with our six health plan carriers. As the GIC negotiated rates for the final contract year the goals were to keep cost increases low and not shift additional costs to members. The GIC succeeded on both of these objectives and, in fact, was able to slightly improve benefits for members.

State Employee Health Insurance Re-enrollment and Limited Network Plan Premium Incentive a Huge Success

For Fiscal Year 2012, active state employees who resided in Massachusetts and had GIC health insurance were required to re-enroll in health insurance for coverage effective July 1, 2011. State employees were given the incentive of a three-month premium holiday – free health insurance – if they enrolled in one of the GIC’s six limited network plans. As reported in the Fiscal Year 2011 Annual Report, this major initiative was an overwhelming success. Over 99% of employees re-enrolled in health insurance and 31% elected to save money and chose a less expensive, limited network plan, a dramatic jump from 19% before this effort. (The GIC selected a health plan for the few employees who did not re-enroll to be sure they had health coverage.) During Fiscal Year 2012, these state employees saved in premiums an average of over \$600 for individual coverage and over \$1,400 for a family plan. Very few of these employees switched back to the wider network plan during the annual enrollment period. We estimate that the Commonwealth saved \$20 million during Fiscal Year 2012 from this initiative.

Tweet!



GIC Re-Enrollment Team Honored for Exemplary Public Service

mass.gov/... In June of 2012, the Group Insurance Re-enrollment Team was awarded one of the Commonwealth’s 2012 Carballo Awards, the prestigious award given to Massachusetts state employees who personify excellence in public service. The award is named in honor of former Secretary of the Executive Office of Health and Human Services, Manuel Carballo, who exemplified public service at its best. The GIC team successfully implemented the health insurance re-enrollment of over 78,000 state employees, ensuring all employees were enrolled in health insurance coverage with no gaps in coverage. The team’s work included developing customized re-enrollment forms, data screens, and tracking reports, holding a number of health fairs, and collecting, scanning and entering the new plan selections into the GIC’s eligibility system - all in eight weeks.

Lowest Premium Increases in At Least 12 Years

In March of 2012, the GIC announced that it was able to achieve the lowest average health insurance premium increase in over a decade for Fiscal Year 2013. The weighted average rate increase of 1.44% for Employee and Medicare plans combined is better than the Fiscal Year 2012 rate increase of 4.56%. The FY12 increase was achieved through a state employee health insurance re-enrollment and incentive to join limited network plans. The Fiscal Year 2013 GIC rate increases are the lowest achieved since at least Fiscal Year 1999. In comparison, Mercer Consulting’s national survey of employer-sponsored health plans found that employers increased rates for 2012 by 4.1%.

Benefit Changes to Help the Very Sick and Returning Veterans

For annual enrollment, the GIC rolled out a benefit enhancement to help the chronically ill with inpatient hospital copayments limited to one per calendar quarter for all plans not already offering this benefit; copays continue to be waived if readmitted within 30 days.

To help returning veterans, effective February 1, 2012, the GIC changed its policies to enable members returning from a military leave of absence to enroll in the health plan of his or her choice. In the past, returning veterans were required to re-enroll in the health plan they had prior to their military leave of absence, unless they had elected to change plans during the Annual Enrollment period.

Clinical Performance Improvement Initiative Refined

The GIC's important Clinical Performance Improvement (CPI) initiative continued to evolve during its eighth year. Under this program, tens of millions of physician claims are analyzed for differences in quality and efficiency; members pay lower copays for providers with better quality and/or cost-efficiency scores. During FY12, the GIC added another year of quality data to its analysis, thereby improving the program's ability to measure physician quality.

The provider community had not previously embraced this project, but the GIC and the Massachusetts Medical Society (MMS) have re-established closer communications on this project. A member of the MMS joined the CPIO Physician Advisory Board, the group of physicians who provide clinical input about proposed changes to the CPIO. We also met with a group of physician practice and MMS leaders to discuss the changes planned for the project in FY13. We continue to keep the MMS informed about future enhancements, and in cooperation with the MMS, identify ways to improve physician performance and patient education.

Tweet!

GIC Wins 2011 New England Employee Benefits Council Best Practices Award for Re-enrollment Drive

[mass.gov/...](#) In December of 2011, the GIC accepted one of six of the New England Employee Benefits Council's Best Practices award for the re-enrollment drive. The award recognizes employers for innovation in the employee benefits field. The GIC presented an overview of this award-winning program to the over 200 employer and consultant attendees at the NEEBC event.



*Let's all sing like
the birdies sing,*

Tweet, tweet

tweet, tweet

tweet. Let's all

sing like the

birdies sing,

sweet, sweet

sweet, sweet

sweet.



Tweet! Helping #municipalities and their #employees and #retirees save #money

mass.gov/...



To help communities across the Commonwealth with soaring health care costs, in July 2011 Governor Deval Patrick signed legislation that expedited entry for municipalities into the GIC. The Municipal Health Reform legislation, Chapter 69 of the Acts of 2011, allows municipalities to make plan design changes locally or to transfer their employees and retirees into the GIC for coverage after a 30-day negotiation period with unions and a retiree representative.

To meet the challenge of integrating a new municipal statute, the GIC passed emergency regulations in the summer of 2011, with final regulations adopted at the end of October. These regulations laid out the procedural and operational steps for municipalities to join the GIC. Staff also worked closely with Administration and Finance on their regulations that outline details of the negotiation process. During the year, the GIC developed comprehensive questions and answers comparing and contrasting the two laws under which municipalities can enter the GIC. This web resource was promoted through the Department of Revenue/Division of Local Services City & Town publication that is sent to municipal officials.

As required by the law, the GIC requested bids for a consultant for actuarial services for municipal health insurance review panels. The GIC selected Segal Company, which has extensive experience in pension, OPEB, and health insurance analysis, for a two-and-a-half year contract, with two one-year options to renew.

The law allowed expedited municipality entry dates into the GIC of January 1, 2012, April 1, 2012, and July 1, 2012. This timeline posed operational,

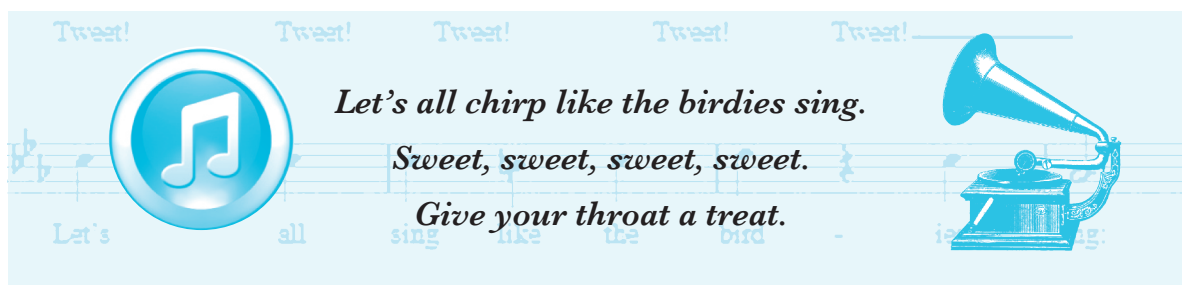
communications, and systems challenges for the GIC and the municipalities. To help expedite these truncated enrollment periods, the GIC developed and implemented a new web application that enabled municipalities to send their enrollee data to the GIC in a secure and consistent format. We held a series of procedural, benefit, and billing training meetings with the new municipalities to make sure there was a smooth transition. Regional and local health fairs were also held to help the municipal employees and retirees select and enroll in a health plan.

These efforts were a success and the following municipalities joined the GIC in the fall, representing more than 7,200 new employees and retirees:

City of Medford
City of Somerville
Town of Arlington
Town of Lynnfield
Town of Wakefield

Nine municipalities, representing over 10,300 employees and retirees enrolled for July 1, 2012 coverage:

- ◆ City of Lowell
- ◆ City of Salem
- ◆ Town of Bedford
- ◆ Town of Holden
- ◆ Town of Lexington
- ◆ Town of Marblehead
- ◆ Town of Monson
- ◆ Town of Sudbury
- ◆ Northeast Metropolitan Regional Vocational School District





During fiscal year 2011, the GIC had offered a pilot weight management program at the McCormack State Office Building. Participants lost weight and were hopeful that the program could continue indefinitely. Unfortunately, the program was resource intensive and not scale-able across the large and geographically diverse population that the GIC covers. With obesity rates continuing to rise, there was a strong need to offer a program that could serve more members. Then, Chapter 288 of the Acts of 2010 passed and the GIC was charged with the purchase and management of a wellness program for employees and dependents of the Commonwealth.

Limited state funds were provided in Chapter 288 for the GIC's new wellness program, but the GIC was able to supplement these funds with some of the reimbursements received through the federal Early Retiree Reinsurance Program. The GIC requested bids for a wellness program for 60,000 state employees in the Executive Branch, Constitutional Offices, and the Legislature, and state retirees ages 55 to 64 and their spouses who are enrolled in a GIC health plan. After a rigorous procurement and five finalist interviews, the GIC selected StayWell Health Management, a national wellness company, to provide an online wellness portal and on-site coordinator for the two-year WellMASS program.

The WellMASS program focuses on weight management, nutrition education, smoking cessation, and stress reduction. The online portal provides confidential health assessments, self-paced wellness modules, and a variety of online resources. Health coaching is provided to participants based on their Health Assessment risks and is available by phone, mail, or online. Coaches give participants tips for eating right, smoking cessation, adding exercise to their routine, and relieving stress. The program kicked off in March with an event that over 100 people attended at the McCormack Building. Over 1,900 people completed a health assessment and 28% of the people who were found to be eligible for health coaching enrolled during the fiscal year. Additionally, over 800 eligible employees and retirees took advantage of complimentary cholesterol screenings at the health fairs to use for their health assessments. New Lunch 'N Learn programs began in June and are held at state office buildings across the Commonwealth for the benefit of all state employees.

The Birdies Sing

(Waltz)

Donnerstag, 1. März 2012



*Let's all sing like
the birdies sing,*

*tweet, tweet,
tweet - my that
bird sings*

sweetly.

*Let's all warble
like nightingales.*

*Ah, Mimi...c'est
magnifique!*

*Take your time
from the birds.*



New Website Launched

The state migrated to a new website in the fall of 2011, blending agency sites into each secretariat's site. Our website's navigation needed to be completely redesigned. To add interest and assist with navigation, we developed images in keeping with the GIC's six major areas of information: benefit enrollment, health and other insurance benefits, municipality information, GIC Coordinator information, answers to frequently asked questions, and tips for managing your health. A total of over 1,300 pages were moved to the new site and successfully launched on October 27, 2011.

During the year we added more sections to our site, providing robust resources for our members, potential municipalities, and human resource coordinators. The

sections added included the wellness program, step-by-step procedures for agencies, questions and answers for potential municipalities, an expanded municipal resource section, and 25 additions to members' questions and answers.

Enhanced Benefit Decision Guides

The GIC's comprehensive *Benefit Decision Guides* are cited as the primary source members use to weigh their options at annual enrollment. The service area grid was increased from one half to a full page and different colors were used to better highlight where health plans were not fully available in a particular area. These efforts promise to increase clarity about which plans are available based on where members live.

Federal Health Care Reform Implementation

The GIC continued to implement important aspects of federal health care reform, including expansion of benefits at the beginning of the fiscal year. The GIC enrolled an additional 6,675 dependents ages 19 to 26 and implemented zero dollar cost sharing (no copays and deductibles) for certain preventive care services, such as mammograms, scheduled immunizations, routine OB/GYN visits and physicals.

The Calendar Year 2012 W-2 tax forms must show the aggregated employer and employee health insurance premium costs for informational purposes. In preparation, the GIC developed processes and procedures for reporting this important information to the over 220 payroll systems with which we interact.

The GIC received a total of \$51 million for Fiscal Years 2011 and 2012, with \$45.2 million coming in during Fiscal Year 2012 as part of the federal government's Early Retiree Reinsurance Program. This program encourages employers to continue offering benefits to early retirees ages 55 to 64, who are not yet eligible for Medicare. GIC staff worked extensively with its health, mental health, and prescription drug plans and data warehouse vendor to gather the necessary data so that the application submissions could be made before the total \$5 billion available across all employers

in the country for this program was depleted. The amount the GIC received placed us near the top of all employer subsidy recipients. The federal government specified that these funds could only be used to reduce an employer's health benefit premiums or costs, and/or reduce costs for plan participants. A small portion of the funds were used to provide a wellness program to early retirees, with the remaining funds used to help pay for medical claims.

Modernizing Our Eligibility System

The GIC's critical eligibility system, MAGIC, continues to undergo major transformations as new enhancements were rolled out during the year. The GIC's standalone life insurance claims system was integrated into the new web-based MAGIC platform. This integration has significantly reduced duplicate data entry work and helped to expedite claim payments. All of the health plan vendors are now on the web-based vendor application, thus eliminating the need for vendors to call the GIC, and allowing vendors to immediately help members with any eligibility-related questions.

Although most of the GIC's state agencies participate in the HR/CMS and UMass payroll systems that offer online access to MAGIC, our 230 "offline agencies" (such as housing and redevelopment

authorities) and over 40 municipalities do not have access to MAGIC and must make all employee benefit elections and changes via paper submission to the GIC. The GIC's Data Processing Unit then enters this data into MAGIC. The GIC began a pilot roll out of a web-based program that allows these agencies to make online coverage changes for their employees. The feedback has been very positive and the GIC continues to add more agencies to this online program.

Offline agencies have traditionally received their monthly reconciliation and billing reports through the mail. The GIC began rolling out online premium and billing reports through a secure website portal, reducing postage and mailing costs, and improving efficiency. Also under development are a web portal that will enable GIC members to view their GIC coverage online (and in the future make selected changes), an integrated correspondence tracking system, and a new consolidated bill for members who are billed for their GIC premiums when they are off-payroll.

Prescription Drug Benefits

The GIC continued its work on the Medicare Part D federal employer subsidy program, sharing and correcting data with the Centers for Medicare and Medicaid services, three of our Medicare health plans, and the pharmacy benefit carveout for the UniCare State Indemnity Medicare Plan. For Fiscal Year 2006 through Fiscal Year 2012, a total of \$156 million has been sent to the General Fund as a result of these efforts.

In Fiscal Year 2012, the GIC implemented a new prescription drug management program for all UniCare members targeting anti-ulcer/heartburn medications. We discontinued covering Nexium® and Aciphex® because of the availability of numerous, less expensive, and equally effective alternatives in the class of drugs called Proton Pump Inhibitors (PPIs). Coverage is provided for over-the-counter PPIs, generic PPIs and a brand name PPI. As a result of members changing to the alternative products, the Commonwealth saved over \$5.8 million for the fiscal year.

Audits

Four audits were performed in FY12, providing a valuable review into the claims payment operations of four of the GIC's insurance vendors. The audits spanned financial accuracy, compliance with GIC benefits, and claims turnaround time. CVS Caremark and Tufts Health Plan performed particularly well on the audits, with few minor errors uncovered. The audits' findings prompted the GIC staff to look closely at Harvard Pilgrim Health Care's payments for potentially-excluded benefits and out-of-network claims. GIC staff and Harvard are currently working to address the questions raised in the HPHC audit. The audit of the United Behavioral Health claims encountered some data problems and revealed some systemic payment errors relating to out-of-network claims that were paid at a higher rate than the contract terms. That error was corrected and the contractual payment schedule is now being adhered to. The GIC is having UBH's claims data file re-audited to see whether, with the correct claims data file, the audit yields acceptable results.

Tweet!

Improved #benefits for #members

mass.gov/...



Long Term Disability

During the year, the GIC requested bids for Long Term Disability benefits for state employees for a new contract effective July 1, 2012. After a rigorous bidding process among four bidders, the GIC awarded a new three-year contract with two one-year renewal options to Unum. This new contract will save state employees \$6 million over the first three years compared to what they were paying, while maintaining the same level of benefits. Rates went down for the average enrollee by over 15 percent. Employees between the ages of 45 and 64, who pay the highest premiums, will save the most.

Dental Benefits

Six bidders responded to the GIC's procurement for dental benefits for active state employees covered by

the GIC Manager Dental/Vision Program and the GIC Retiree Dental Program for state retirees and survivors. After an extensive bidding process, a new three-year contract with two one-year renewal options, was awarded to MetLife effective July 1, 2012. The GIC negotiated the elimination of the six-month waiting period for major restorative services for the Retiree Dental program, a welcome enhancement for this popular program that covers 21,000 state retirees.

Buyout

The GIC proposed legislation that would enable a twice yearly option for state employees and retirees to buyout their GIC health insurance coverage. Under this program, state enrollees receive 25% of the full-cost

monthly premium in lieu of health insurance benefits for one 12-month period. As many employers' annual enrollments take place in the fall, this would allow state employees whose spouse's employer has a fall enrollment to take advantage of this money saving program. The Fiscal Year 2012 budget included such a provision and the GIC conducted its first fall buyout enrollment option. A total of 104 state employees bought out their coverage during the new enrollment period, with these employees collectively receiving a total estimated annual payout of \$406,000 and the state saving an estimated \$1.2 million over the year.

Flexible Spending Accounts

The GIC increased its promotion of the pre-tax Flexible Spending Accounts. These programs save state employees an average of \$250 for every \$1,000 contributed. However, many employees do not take advantage of the programs. In addition to promoting the program through payroll coordinators, the GIC's *For Your Benefit* newsletter, emails, pay advice messages, and the website, the GIC and its FSA vendor conducted a targeted postcard mailing to families, who are more likely to have the day care and higher out-of-pocket health care costs that these programs cover. This mailing generated a 10.5% response rate in three days and enrollment in the program increased over 12% to 16,300.

Tweet! MassGIC #partnering with others to effect change in #healthcare delivery, #quality and #cost mass.gov/...

Sharing ideas with others in the industry is critical as we move forward with federal and state health care reform and the issues of unsustainable health care cost increases, disparities in care, and continued uncertain fiscal times. The GIC's staff participates in a variety of federal and state organizations that are also leading the way in health care. The GIC's Executive Director serves as a board member of the following organizations:

National

- ◆ National Committee for Quality Assurance (NCQA) and its Accountable Care Organization Task Force – as Board President of the U.S. accrediting organization for managed care plans, physicians, and medical homes.
- ◆ National Quality Forum and its Measure Applications Partnership – advises the federal Secretary of Health and Human Services on patient safety and quality measurements.
- ◆ Milbank Foundation Advisory Committee – publishes health care research.
- ◆ Consumer-Purchasers Disclosure Project Leadership Team (Pacific Group on Health) – purchasers and consumers that are pressing for use of and reporting of physician quality and cost measurements.
- ◆ Catalyst for Payment Reform – as a founding member of this organization led by health care purchasers devoted to improve quality and reduce costs by identifying and coordinating workable solutions to how we pay for health care in the U.S.

State

- ◆ Massachusetts Health Connector Authority – Massachusetts exchange that runs Commonwealth Care and Commonwealth Choice and implemented Chapter 58, the Massachusetts health reform law.
- ◆ Institute for Clinical and Economic Review (ICER) Advisory Committee – appraises the clinical effectiveness and comparative value of new and existing health care interventions.
- ◆ Other Post-Employment Benefits Commission (OPEB) - investigates and studies retiree health care and other non-pension benefits in an effort to reduce the cost of future benefits, preserve public employee benefits, and prevent budget cuts in other areas.
- ◆ State Retiree Benefit Trust Fund – funds and pays for the state share of retiree health insurance premiums.
- ◆ Statewide Quality Advisory Committee - makes recommendations to the Department of Public Health (DPH) for promulgation of quality-related measures.
- ◆ Massachusetts Health Care Quality and Cost Council and its committees on payment reform, performance measurement, cost containment and communications/transparency – provided information to the public about health care quality and cost. This Council continued its work throughout the fiscal year, and was dissolved at the end of the fiscal year with the advent of new health care reform legislation.

Other GIC staff also collaborate with others to implement national and state health reform legislation (Federal Health Care Reform Implementation Working Group, Small Business/Chapter 288 Implementation Group, ACA Re-Insurance, Risk Adjustment and Risk Corridors Workgroup), consolidating and sharing databases (Inter-Agency Analytic Group and All-Payer Claims Database and its technical and analytic subcommittee), and increasing the number of medical home programs (Primary Care Medical Home Initiative). The GIC also continues to be active in the New England Employee Benefits Council and the GIC's Communications Director was appointed to its Board of Directors at the end of the fiscal year.



Tweet! #bignews ahead for MassGIC mass.gov/...  

We are sure to be followed in Fiscal Year 2013 and beyond as the GIC was one of the entities tasked with implementing new payment models as part of Chapter 224, health care payment reform, which became law in August of 2012. The GIC is proud of being considered among the state and national leaders in addressing health care costs and quality. The timing corresponds with our bid for all of our health plans as well as the mental health carve-out vendors. Additionally, more aspects of federal health care reform are scheduled for implementation and we will continue to work with others in working through the many facets of this law.

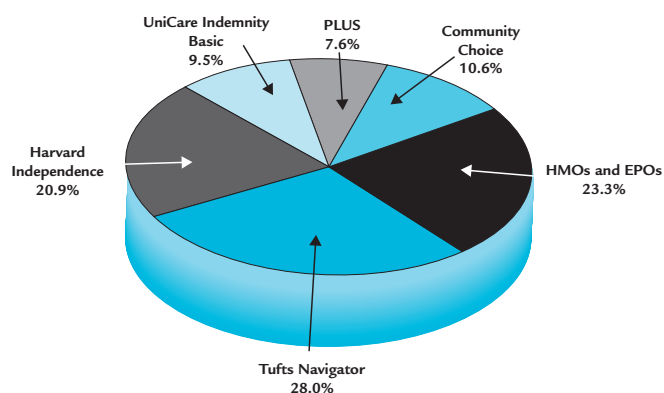
As you know from the theme of this report, we are now on Twitter, allowing us to communicate in a new and more frequent way with members and the greater health and policy community. Work continues to progress on our important MAGIC eligibility system, which will help improve efficiencies of our operation. In addition, legislation recently passed that will mean municipalities can now opt into the GIC twice a year, as well as opt to offer the GIC's retiree dental program.

We look forward to an exciting time and hope you will follow us as we adopt new ways to provide quality benefits at affordable costs – for the benefit of our members and the taxpayers of the Commonwealth.

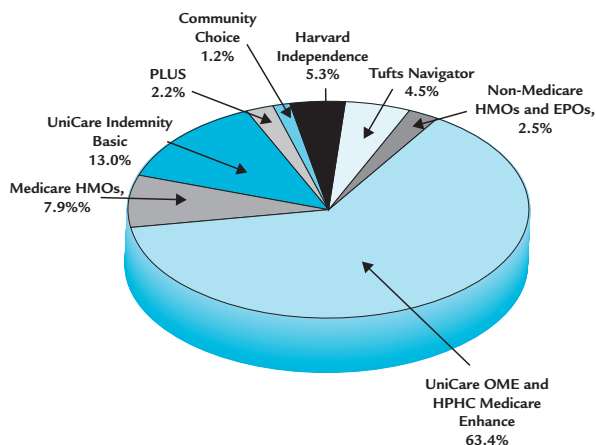


FY12 ENROLLMENT

Active Employees by Plan Type - FY 2012



Retirees and Survivors by Plan Type - FY 2012





GROUP INSURANCE COMMISSION STATEMENT OF EXPENDITURES JULY 1, 2011 - JUNE 30, 2012

| DESCRIPTION | COMMONWEALTH | ENROLLEES |
|---|-----------------|----------------|
| Administration (a) | \$2,491,028 | \$0 |
| Basic Life Insurance for State Employees and Retirees | 8,791,794 | 2,152,663 |
| Optional Life Insurance for State Employees and Retirees | 0 | 29,372,999 |
| Health Insurance for State and Municipal Employees and Retirees (b) | 1,525,993,453 | 357,448,402 |
| Dental And Vision for State Managers & Legislators | 8,350,927 | 1,643,643 |
| Long Term Disability for State Employees | 0 | 13,066,698 |
| Health Insurance for Elderly Governmental Retirees (c) | 399,817 | 64,025 |
| Life Insurance for Retired Municipal Teachers | 691,260 | 191,135 |
| Health Insurance for Retired Municipal Teachers | 63,066,636 | 14,027,817 |
| Dental Insurance for Retirees | 0 | 7,932,946 |
| TOTAL EXPENDITURES | \$1,609,784,916 | \$ 425,900,328 |

note:

(a) Plus an additional \$597,168 from employees' trust funds which were used to pay administrative costs such as postage, telephone and supplies, that are included on the next two statements; and \$1,812,112 from communities participating in the GIC's Health Insurance Programs to cover the additional administrative costs.

(b) Medical and prescription drug co-payments and deductibles for FY12 totaled approximately \$194.9 million.

(c) The EGR share includes \$14,300 from the EGR Trust Fund and \$10,573 from the EGR Rate Stabilization Reserve. These amounts are subsidies to the retirees' premiums.

GROUP INSURANCE COMMISSION STATEMENT OF REVENUE JULY 1, 2011 - JUNE 30, 2012

| SOURCE OF REVENUE | COMMONWEALTH REVENUE |
|---|----------------------|
| Housing, redevelopment, and other authorities | \$119,754,037 |
| Cities, towns, districts and other local governmental units participating in the GIC municipal health program | 320,105,840 |
| Cities, towns and districts participating in the Retired Municipal Teachers' Program and the Elderly Governmental Retirees' Program | 62,270,289 |
| Federal and Trust Fund chargebacks to state agencies | 268,952,261 |
| Charges to state agencies for insureds who are on leave of absence over one year | 483,140 |
| Federal reimbursement subsidy for Medicare Part D Program | 21,870,735 |
| Other income | 1,582,077 |
| Total Revenue Credited to Commonwealth's General Fund | \$795,018,379 |



GROUP INSURANCE COMMISSION SUMMARY OF REVENUES/EXPENDITURES JULY 1, 2011 - JUNE 30, 2012

| | |
|--------------------------|-----------------|
| Total Expenditures | \$1,615,736,604 |
| Total Revenue | (797,794,406) |
| Net Commonwealth Expense | \$817,942,198 |

RATE STABILIZATION RESERVE STATEMENT JULY 1, 2011 - JUNE 30, 2012

| RESERVE | BEG. BALANCE | RECEIPTS | EXPENDITURES | ENDING BALANCE |
|-------------------------------------|-----------------|-----------|--------------|-------------------|
| Basic Life | \$3,153,576 | \$8,691 | \$0 | \$3,162,266 |
| Optional Life | 22,783,117 | 54,696 | 1,900,000 | 20,937,813 |
| Employee and Retiree Health | 74,618 | 206 | 0 | 74,823 |
| Elderly Governmental Retiree Health | 255,085 | 22,556 | 91,255 | 186,386 |
| Retired Municipal Teacher Life | 109,812 | 303 | 0 | 110,115 |
| Retired Municipal Teacher Health | 15,126,610 | 4,320,942 | 5,751,094 | 13,696,458 |

EMPLOYEES' TRUST FUND STATEMENTS JULY 1, 2011 - JUNE 30, 2012

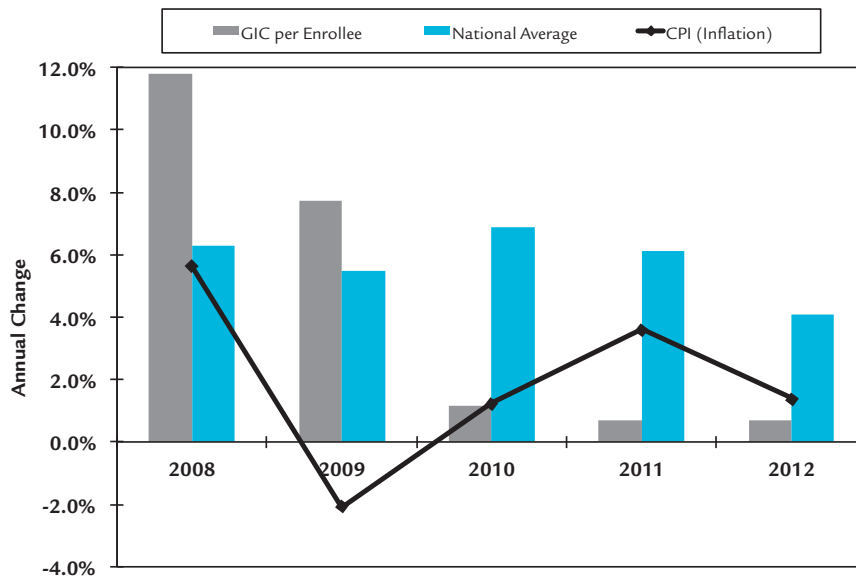
| | BEG. BALANCE | RECEIPTS | EXPENDITURES | ENDING BALANCE |
|---|-----------------|-----------|--------------|-------------------|
| State Employees' Trust Fund | \$3,326,943 | \$181,566 | \$597,168 | \$2,911,341 |
| Elderly Governmental Retirees' Trust Fund | 153,185 | 380 | 14,300 | 139,265 |
| Retired Municipal Teachers' Trust Fund | 0 | 0 | 0 | 0 |



HEALTH PLAN MEMBERSHIP BY INSURED STATUS FY 2012

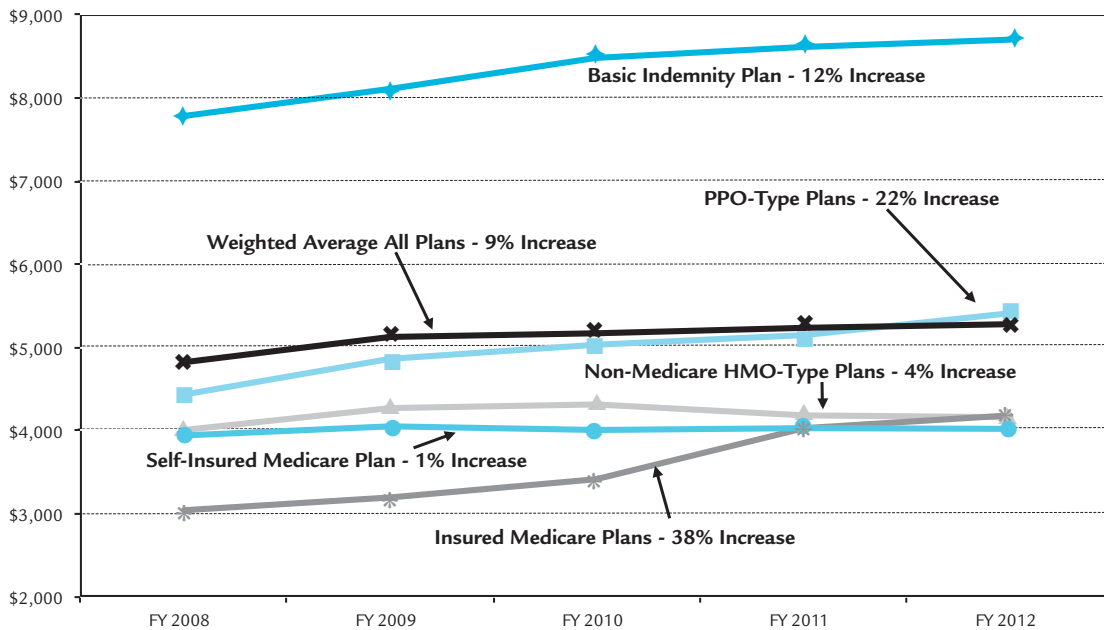
| | TOTAL ACTIVE | TOTAL RET & SUR | TOTAL EGR&RMT | TOTAL ENROLLEES | TOTAL DEPENDENTS | TOTAL LIVES |
|---|-----------------|--------------------|------------------|--------------------|---------------------|----------------|
| UniCare Indemnity Plan Basic | 9,613 | 10,544 | 3,312 | 23,469 | 17,374 | 40,843 |
| UniCare PLUS | 7,715 | 2,291 | 0 | 10,006 | 12,658 | 22,664 |
| UniCare Community Choice | 10,749 | 1,321 | 0 | 12,070 | 16,006 | 28,076 |
| UniCare Medicare OME | 17 | 52,704 | 7,017 | 59,738 | 0 | 59,738 |
| Fallon Community Health Plan Direct | 2,399 | 181 | 20 | 2,600 | 2,815 | 5,415 |
| Fallon Community Health Plan Select | 2,797 | 459 | 125 | 3,381 | 4,895 | 8,276 |
| Fallon Medicare Senior Plan | 0 | 963 | 69 | 1,032 | 0 | 1,032 |
| Harvard Pilgrim Independence Plan | 21,134 | 5,605 | 0 | 26,739 | 36,069 | 62,808 |
| Harvard Pilgrim Primary Choice Plan | 5,866 | 372 | 0 | 6,238 | 8,328 | 14,566 |
| Harvard Pilgrim Medicare Enhance Plan | 2 | 7,617 | 60 | 7,679 | 0 | 7,679 |
| Health New England | 7,225 | 1,035 | 202 | 8,462 | 10,578 | 19,040 |
| Health New England Medicare MedPlus | 0 | 1,194 | 135 | 1,329 | 0 | 1,329 |
| Neighborhood Health Plan | 2,338 | 112 | 42 | 2,492 | 2,571 | 5,063 |
| Tufts Navigator Plan | 28,380 | 4,774 | 0 | 33,154 | 46,857 | 80,011 |
| Tufts Spirit Plan | 2,993 | 96 | 0 | 3,089 | 3,274 | 6,363 |
| Tufts Medicare Preferred | 0 | 2,566 | 69 | 2,635 | 0 | 2,635 |
| Tufts Medicare Complement | 1 | 3,366 | 49 | 3,416 | 0 | 3,416 |
| Total Basic (Non-Medicare) Indemnity Plan | 9,613 | 10,544 | 3,312 | 23,469 | 17,374 | 40,843 |
| Total PPO-Type Plans | 67,978 | 13,991 | 0 | 81,969 | 111,590 | 193,559 |
| Total HMO-Type Plans | 23,618 | 2,255 | 389 | 26,262 | 32,461 | 58,723 |
| Total Medicare Indemnity Plans | 19 | 60,321 | 7,077 | 67,417 | 0 | 67,417 |
| Total Medicare HMO Plans | 1 | 8,089 | 322 | 8,412 | 0 | 8,412 |
| TOTAL-ALL | 101,229 | 95,200 | 11,100 | 207,529 | 161,425 | 368,954 |

GIC AVERAGE COST PER ENROLLEE VS. OTHER BENCHMARKS



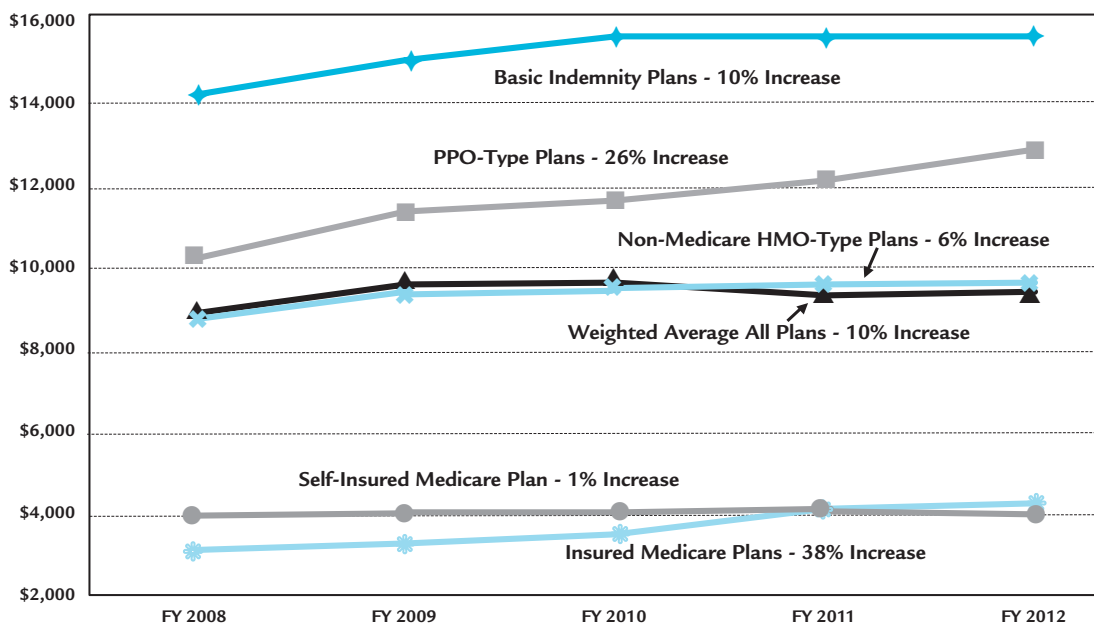


COST PER CAPITA (Total State and Employee/Retiree Share)



- The PPO/POS Plans include the Indemnity PLUS and Community Choice plans, the HPHC Independence plan, and Tufts Navigator.
 - Non-Medicare HMO-Type Plans include Fallon Direct and Select, HPHC Primary Choice, HNE HMO, NHP Care, and THP Spirit.
 - Does not include EGRs, RMTs, or enrollees' out of pocket expenses.
- Source: Pool 1 Age/Sex Composition Analysis, Fiscal Year 2012.

COST PER SUBSCRIBER (ENROLLEE) (Total State and Employee/Retiree Share)



- The PPO/POS Plans include the Indemnity PLUS and Community Choice plans, the HPHC Independence plan, and Tufts Navigator.
 - Non-Medicare HMO-Type Plans include Fallon Direct and Select, HPHC Primary Choice, HNE HMO, NHP Care, and THP Spirit.
 - Does not include EGRs, RMTs, or enrollees' out of pocket expenses.
- Source: Pool 1 Age/Sex Composition Analysis, Fiscal Year 2012.

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TIMOTHY P. MURRAY, *Lieutenant Governor*

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19 Staniford Street, P.O. Box 8747, Boston, MA 02114-8747

617.727.2310 ♦ TDD/TTY 617.227.8583

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